

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of	)	
<b>DTE ELECTRIC COMPANY</b>	)	
for approval of the reconciliation of its 2016	)	Case No. U-18332
energy optimization plan expenses filed pursuant to	)	
Public Act 295 of 2008.	)	
_____	)	

At the December 20, 2017 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On May 15, 2017, DTE Electric Company (DTE Electric) filed an application, with supporting testimony and exhibits, requesting approval of the reconciliation of its energy optimization (EO) plan for the 2016 planning year, authority to implement EO surcharges, and other related relief pursuant to the requirements of Public Act 295 of 2008.

A prehearing conference was held on July 11, 2017, before Administrative Law Judge Mark E. Cummins. DTE Electric and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission

further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. DTE Electric Company is authorized to implement the surcharges set forth in the tariff sheets attached to the settlement agreement for bills rendered on and after January 1, 2018.
- C. Any over or underrecovery resulting from the surcharges shall be reflected in DTE Electric Company's next energy optimization plan reconciliation proceeding beginning balance.
- D. Within 30 days, DTE Electric Company shall file tariff sheets substantially similar to those attached to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General - Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

---

Sally A. Talberg, Chairman

---

Norman J. Saari, Commissioner

---

Rachael A. Eubanks, Commissioner

By its action of December 20, 2017.

---

Kavita Kale, Executive Secretary

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter of DTE Electric Company's	)	
Application for Approval of the Reconciliation of	)	
Its 2016 Energy Optimization Plan expenses	)	Case No. U-18332
filed pursuant to Public Act 295 of 2008	)	(Paperless e-file)
_____	)	

**STIPULATION AND SETTLEMENT AGREEMENT**

Pursuant to Section 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or "Commission"), the undersigned parties agree as follows:

1. This Stipulation and Settlement Agreement ("Settlement Agreement") between DTE Electric Company ("DTE Electric") and the Michigan Public Service Commission Staff ("Staff"), (collectively, the "Parties") is intended by the Parties as a final settlement and satisfaction of all issues before the Commission in the 2016 reconciliation of DTE Electric's Energy Optimization Plan ("EO Plan") expenses filed in Case No. U-18332.

2. On October 6, 2008, the "Clean, Renewable, and Efficient Energy Act," 2008 PA 295, MCL 460.1001 et seq. ("Act 295") was signed into law. Act 295 requires certain electric providers and natural gas providers to file proposed EO plans with the Commission for its review and approval. Act 295 states that the overall goal of the EO plan is to reduce the future costs of providing electric and natural gas service to customers.

3. On February 28, 2017, the Commission issued an order in Case No. U-18332 directing DTE Electric to file the Company's 2016 EO reconciliation by May 15, 2017. On June 9, 2017, the Commission directed DTE Electric to publish a notice of hearing in newspapers of general circulation in DTE Electric's service territory. A prehearing conference was conducted

before Administrative Law Judge Mark E. Cummins on July 11, 2017 at which a procedural schedule was adopted, and Staff and DTE Electric appeared as the only parties participating in this case. In an attempt to efficiently resolve the matter, the Parties have agreed to enter into a full settlement of this case and recommend approval by the Commission of the following items.

4. The Parties acknowledge that during 2016, DTE Electric implemented and operated its approved EO plan which includes: (1) energy savings targets established by PA 295; (2) offerings for each customer class, including low income residential; (3) specific funding levels; (4) cost recovery mechanisms allowing recovery of EO plan costs; (5) EO programs, excluding program offerings to low income residential customers, that are cost-effective; and (6) practical and effective administration of the programs. Staff has audited DTE Electric's books and records and finds the results of the audit warrant agreement with the reconciliation numbers filed in DTE Electric's Application as further supported by the associated testimony and exhibits.

5. The Parties agree that DTE Electric's EO plan implemented during 2016 achieved compliance with the requirements of Act 295 of a USRCT score of greater than one and the legislated energy savings of 1.00% of 2016 annual retail sales equating to 481 GWh. The Parties acknowledge that DTE Electric actually exceeded these requirements by accomplishing a USRCT score of 5.51 and by achieving 631 GWh of verified net energy savings. In addition, the Parties agree DTE Electric earned the performance incentive per the mechanism approved by the Commission in its June 3, 2015 Order in Case No. U-17762.

6. The Parties agree that the 2016 planned EO program spend was \$88.6 million and the actual EO program spend was \$88.7 million. Further, based on the operation of the surcharge during 2016, DTE Electric had a net under recovery of \$1.0 million and that it is appropriate for

the calculated cumulative under recovery for 2016 to be carried forward into 2017 on a customer class basis and used as beginning balances for the 2017 reconciliation.

7. The Parties agree that after the Commission issues an order approving the Settlement Agreement, DTE Electric may recover the 2016 performance incentive of \$13.311 million and the \$31,469 under recovery of the 2014 performance incentive for a total of \$13.343 million which will be recovered over a twelve month period beginning effective January 1, 2018 (as set forth in Attachment A to this Settlement Agreement.)

8. The Parties agree that DTE Electric's future energy waste reduction (EWR) plans and reconciliations will include all annual, recurring evaluation expenditures for behavior-based programs in benefit/cost calculations so that the programs can provide the means to evaluate and compare programming options.

9. The Parties request that the Commission enter an order approving DTE Electric's 2016 EO Plan reconciliation and approve the attached Tariff Sheet implementing the revision to the EO Plan surcharge as discussed above, and any over or under recovery resulting from the issuance of the surcharges will be reflected in DTE Electric's next EO Plan reconciliation proceeding beginning balance.

10. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to this settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any

subsequent decision in any other case or proceeding; provided however, such references may be made to enforce or implement the terms of the Settlement Agreement and the order approving it.

11. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, and shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

12. This Settlement Agreement is reasonable and in the public interest, and will reduce the time and expense of the Commission, its Staff, and the Parties.

13. The Parties agree to waive Section 81 of 1969 PA 306 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

14. This Settlement Agreement may be executed in any number of counterparts, each considered an original, and all counterparts that are executed shall have the same effect as if they were the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be duly executed by their respective duly authorized officers as of the date first written below.

**DTE ELECTRIC COMPANY**

By: Richard P. Middleton  
Richard P. Middleton (P41278)  
Attorney for DTE Electric Company

Digitally signed by Richard P. Middleton  
DN: cn=Richard P. Middleton, o=DTE Energy  
Company, ou=General Counsel Organization,  
email=richard.middleton@dteenergy.com,  
c=US  
Date: 2017.12.04 16:18:56 -05'00'

Dated: December 4, 2017

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF**

By: Heather M.S. Durian  
Heather M.S. Durian (P67587)  
Assistant Attorney General

Digitally signed by Heather M.S. Durian  
DN: cn=Heather M.S. Durian, o=Attorney  
General Public Service Division,  
email=hdurian@michigan.gov, c=US  
Date: 2017.12.06 14:28:37 -05'00'

Dated: \_\_\_\_\_, 2017



(Continued from Sheet No. C-67.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE (Contd.)**

**C9.6 Energy Waste Reduction Surcharge (EWRs)**

On June 2, 2009, in Case No. U-15806, the MPSC authorized the implementation of an Energy Optimization Surcharge (EOS) for electric customers in accordance with the Clean, Renewable, and Energy Efficiency Act, PA295 of 2008. ***In compliance with PA 342 of 2016, the surcharge has been renamed as the Energy Waste Reduction (EWR) Surcharge.*** The ***EWR*** will be used to fund energy efficiency programs for DTE Electric customers. The ESO rates approved by the MPSC on \_\_\_\_\_, ***2017*** in Case No. U-***18332*** will be effective beginning with bills rendered in January 2018. The total ***EWRs*** for all residential customers is ~~\$0.0033990~~***0.003396*** per kWh. The ***EWR*** for all metered Commercial, Industrial, and Governmental customers is a per meter, per month charge which is based on the total monthly energy consumption by rate as shown in the table below.

<u>Voltage</u>	<u>Monthly Consumption</u>	Customers Without Self Directed Plans	Customers With Self Directed Plans
		<u>Energy Waste Reduction Surcharge</u>	<u>Waste Reduction Surcharge</u>
Secondary	0 – 850 kWh	\$1.19/meter/month	\$0.10/meter/month
Secondary	851 – 1,650 kWh	<del>\$7.11</del> <b><i>7.08</i></b> /meter/month	\$0.57/meter/month
Secondary	Above 1,650 kWh	<del>\$29.99</del> <b><i>29.85</i></b> /meter/month	\$2.53/meter/month
Primary	0 – 11,500 kWh	<del>\$42.84</del> <b><i>43.56</i></b> /meter/month	\$4.20/meter/month
Primary	Above 11,500 kWh	<del>\$440.18</del> <b><i>447.59</i></b> /meter/month	\$42.05/meter/month

**C9.7.6 HOLD FOR FUTURE USE**

Issued October 26, 2017

D. M. Stanczak

Vice President

Regulatory Affairs

Detroit, Michigan

Effective for bills rendered on  
and after January 1, 2018

Issued under authority of  
the Michigan Public Service Commission  
dated \_\_\_\_\_, 2017  
in Case No. U-18332

(Continued from Sheet No. C-69.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**C9.8 Summary of Surcharges and Credits:** Summary of surcharges and credits, pursuant to sub-rules C9.1, C9.2, C9.6, C9.7.9, C9.7.10, C9.7.11, **C9.7.12** and **C9.7.13**. Cents per kilowatthour or percent of base bill, unless otherwise noted.

	<u>NS</u> ¢/kWh	<u>EWRS</u> ¢/kWh	<u>TRM</u> ¢/kWh	<u>U-18255 IS</u> ¢/kWh	<u>Total Delivery</u> <u>Surcharges</u> ¢/kWh	<u>LIEAF Factor</u> \$/Billing Meter
<b>Residential</b>						
D1 Residential	0.0728	0.3390 <u>3396</u>	0.1356	0.4105	0.9579 <u>9585</u> ¢	\$0.93
D1.1 Int. Space Conditioning	0.0728	0.3390 <u>3396</u>	0.1356	0.3509	0.8983 <u>8989</u> ¢	N/A
D1.2 Time of Day	0.0728	0.3390 <u>3396</u>	0.1356	0.3275	0.9748 <u>9754</u> ¢	\$0.93
D1.6 Special Low Income Pilot	0.0728	0.3390 <u>3396</u>	0.1356	0.4105	0.9579 <u>9585</u> ¢	\$0.93
D1.7 Geothermal Time-of-Day	0.0728	0.3390 <u>3396</u>	0.1356	0.2494	0.7968 <u>7974</u> ¢	N/A
D1.8 Dynamic Peak Pricing	0.0728	0.3390 <u>3396</u>	0.1356	0.3720	0.9494 <u>9200</u> ¢	\$0.93
D1.9 Electric Vehicle	0.0728	0.3390 <u>3396</u>	0.1356	0.3865	0.9339 <u>9345</u> ¢	N/A
D2 Space Heating	0.0728	0.3390 <u>3396</u>	0.1356	0.3594	0.9068 <u>9074</u> ¢	\$0.93
D5 Wtr Htg	0.0728	0.3390 <u>3396</u>	0.1356	0.2999	0.8473 <u>8479</u> ¢	N/A
D9 Outdoor Lighting	0.0728	0.3390 <u>3396</u>	0.1356	0.5040	1.005 <u>60</u> ¢	N/A
<b>Commercial</b>						
D1.1 Int. Space Conditioning	0.0728	See C9.6	0.1356	0.2706		\$0.93
D1.7 Geothermal Time -of- day	0.0728	See C9.6	0.1356	0.1741		\$0.93
D1.8 Dynamic Peak Pricing	0.0728	See C9.6	0.1356	0.3146		\$0.93
D1.9 Electric Vehicle	0.0728	See C9.6	0.1356	0.3865		\$0.93
D3 General Service	0.0728	See C9.6	0.1356	0.3252		\$0.93
D3.1 Unmetered	0.0728	See C9.6	0.1356	0.2819		N/A
D3.2 Educ. Inst.	0.0728	See C9.6	0.1356	0.2307		\$0.93
D3.3 Interruptible	0.0728	See C9.6	0.1356	0.2670		\$0.93
D4 Large General Service	0.0728	See C9.6	0.1356	0.2691		\$0.93
D5 Wtr Htg	0.0728	See C9.6	0.1356	0.1993		\$0.93
D9 Outdoor Lighting	0.0728	See C9.6	0.1356	0.5040		\$0.93
R3 Standby Secondary	0.0728	See C9.6	0.1356	0.2214		\$0.93
R7 Greenhouse Lighting	0.0728	See C9.6	0.1356	0.1862		\$0.93
R8 Space Conditioning	0.0728	See C9.6	0.1356	0.3049		\$0.93
<b>Industrial</b>						
D6.2 Educ. Inst.	0.0728	See C9.6	0.1356	0.2178		\$0.93
D8 Interruptible Primary	0.0728	See C9.6	0.1356	0.1816		\$0.93
D10 Schools	0.0728	See C9.6	0.1356	0.2839		\$0.93
D11 Primary Supply	0.0728	See C9.6	0.1356	0.1892		\$0.93
R1.1 Metal Melting	0.0728	See C9.6	0.1356	0.1773		\$0.93
R1.2 Electric Process Heating	0.0728	See C9.6	0.1356	0.1864		\$0.93
R3 Standby Primary	0.0728	See C9.6	0.1356	0.2214		\$0.93
R10 Interruptible Supply	0.0728	See C9.6	0.1356	0.1422		\$0.93

(Continued on Sheet No. C-71.00)

Issued October 26, 2017

D. M. Stanczak

Vice President

Regulatory Affairs

Detroit, Michigan

Effective for bills rendered on  
and after January 1, 2018

Issued under authority of  
the Michigan Public Service Commission  
dated \_\_\_\_\_, 2017  
in Case No. U-18332

(Continued from Sheet No. C-70.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**C9.8 Summary of Surcharges and Credits (Contd.):**

	<u>NS</u> ¢/kWh	<u>EWRS</u> ¢/kWh	<u>TRM</u> ¢/kWh	<u>U-18255 IS</u> ¢/kWh	<u>LIEAF Factor</u> \$/Billing Meter
<b>Governmental</b>					
E1	0.0728	See C9.6	0.1356	0.7986	N/A
E1.1 Energy	0.0728	See C9.6	0.1356	0.2228	\$0.93
E2 Traffic	0.0728	See C9.6	0.1356	0.2001	N/A
<b>Electric</b>					
EC2 Secondary	0.0728	See C9.6	0.1356	0.0832	\$0.93
EC2 Primary	0.0728	See C9.6	0.1356	0.0252	\$0.93
EC2	0.0728	0.3390 <u>3396</u>	0.1356	0.0832	\$0.93

(Continued on Sheet No. C-72.00)

Issued October 26, 2017  
D. M. Stanczak  
Vice President  
Regulatory Affairs  
Detroit, Michigan

Effective for bills rendered on  
and after January 1, 2018

Issued under authority of the  
Michigan Public Service Commission  
dated \_\_\_\_\_, 2017  
in Case No. U-18332